



Utility Resource Services

October 27, 2004

Sent Via Fax
602-352-2490

Ms. Jean Gray
Assistant Regional Manager
for Power Marketing
Western Area Power Administration
Desert Southwest Regional Office
P. O. Box 6457
Phoenix, AZ 85005-6457

DSW REGIONAL OFFICE OFFICIAL FILE COPY		
Date	Initial	Code
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Re: Extension of Parker-Davis Project (P-DP) Contracts and Section 12
Language.

Dear Ms. Gray:

This letter is submitted on behalf of the Town of Fredonia (Fredonia) and is in regard to the above referenced matter. Fredonia believes the current language as proposed by Western provides a meaningful compromise to the issues and concerns of the existing P-DP customers. The language provides Western with the ability to deal with any entity that changes its status as a preference customer and the P-DP customers have been afforded the opportunity to due process. Our only concern is that Western has always been given, by the courts and regulatory agencies, broad discretion in how they operate and manage the various projects and we strongly urge Western to only use this Section 12 language when it is obvious that a P-DP customer has openly changed its status as a preference customer and not to sanction an entity because of a grudge or personality problem. We also believe that any entity has the right to judicial action if this Section 12 is imposed upon them and Western's decision is not "just and reasonable".

We believe it is time to submit the contract extension agreement to the P-DP contractors for execution and move on. We sincerely appreciate you and your staff's effort in attempting to get this matter resolved.

Sincerely,

Richard L. Darnall

for Utility Resource Services, Inc.

cc; Mr. Greg Honey
Town of Fredonia